

SECRET

Pal. / Int.

14 February 1980

DRAFT INTELLIGENCE MEMORANDUM

SUBJECT: Iran: After The Hostage Crisis

More than one hundred days after the seizure of the US Embassy in Tehran, the election of President Abol Hassan Bani-Sadr and negotiations now underway have raised hopes that the crisis can be resolved peacefully within the next several weeks. This memorandum addresses the near term prospects for Iran after the hostage crisis ends. It is predicated on two assumptions;

--the hostages are released without violence;

--the Soviet Union does not take any major military move against Iran. (S)

Bani-Sadr's Position

A negotiated settlement of the hostage crisis would boost Bani-Sadr's chances of consolidating his position as president. Many Iranians believe the hostage crisis has dragged on too long and are eager for the country to address its domestic problems and curb its revolutionary excesses without the tensions of the confrontation with the US. (S)

We doubt, however, that Bani-Sadr will succeed in the near term in ending the chaos that has plagued Iranian politics since the fall of the Shah in early 1979. The numerous competing power centers that bedeviled the Bazargan government are likely to continue to hamper Bani-Sadr for sometime and he lacks the means to compel them to accept his authority. The local revolutionary committees that have emerged in the provinces and in most government agencies (including the military) are not likely to surrender power easily. Nor are the clerical leaders like Ayatollah Beheshti willing to give up their influence in government. The power of the clerics is also institutionalized in the constitution in the Council of Guardians which reviews all legislation. (S)

This memorandum was prepared by [] of the Iran Task Force. Questions and comments are welcome and should be directed to Chief, Iran Task Force on 351-5515.

(U)

SECRET

25X11A

Most importantly, Ayatollah Khomeini--as long as he remains alive and fit--will continue to interfere in the government. He will continue to be the single most influential figure in Iran and will set the broad guidelines of policy within which Bani-Sadr will have to function. Khomeini could dismiss Bani-Sadr at any moment if he feels the president is disputing the Ayatollah's authority. (S)

In one key respect, Bani-Sadr's government resembles Bazargan's. Both are essentially secular attempts to curb clerical interference. While there is growing popular unease in Iran with the mullahs, Bani-Sadr shares Bazargan's lack of an organized power base. (S)

A crucial measure of Bani-Sadr's ability to exercise leadership and develop a reliable power base will be the elections for the National Assembly now scheduled for 14 March. If Bani-Sadr can organize his followers and secure a majority in the Assembly or majles, he will have greater room to maneuver. On the other hand, the majles elections may result in a factionalized assembly in which the clerical supporters of Ayatollah Beheshti and his Islamic Republic Party will have a major say. If the IRP emerges as the dominant power in the majles, then it will have the ability to influence the selection of the prime minister and cabinet and effectively restrict Bani-Sadr's powers. (S)

The Military

No government in Tehran will succeed in restoring stability and normalcy to the country until it develops a loyal and effective security force. The military today is plagued by morale problems, weakened by purges of the officer corps and hampered by a severe shortage of spare parts. The regime's Praetorian Guard force, the Revolutionary Guard, has yet to develop into an effective security force. Its leadership is fragmented and its personnel are poorly trained--at this point it is little more than a collection of private militias. The president may have some personal control over some of these forces. (S)

Bani-Sadr has said he hopes to restore the military's effectiveness, but he does not appear to have any strategy for doing so. The regime still seems obsessed with the danger of military coup plotting and does not trust the officer corps sufficiently to allow it to rebuild the armed forces. At present Bani-Sadr is faced with demands for additional purges

of officers by Ayatollah Khalkhali, who backed him in the election, and Air Force technicians' protests in favor of hierarchy. Senior military officers have reiterated to the president their assertions that an effective force cannot emerge after such actions. Even assuming Bani-Sadr is willing and able to back the military leaders, it would take some time to rejuvenate the armed forces. (S)

The Economy

The prospects for a dramatic turn around in the Iranian economy are dim. The most important factors in reversing the downswing in the economy are the restoration of effective government and development spending, the resumption of key imports, and a change in attitude among bureaucrats and workers. These do not appear likely any time in the near future. As a result, the economy is likely to remain stagnant with large scale unemployment and underemployment. (S)

Iran's oil revenues will cushion the hardships, and the economy may simply limp along for some time. The oil industry remains vulnerable to significant disruption from a number of sources, however, including Arab dissidents, Iraqi subversion and leftist unrest among the oil workers. (S)

Once the hostages are released, Japanese, and some US and European companies will try to reestablish trade ties despite uncertainty over Iran's political future and economic direction. Although Bani-Sadr has proclaimed his desire to end Iran's dependence on the West, there will be a need for imports and technical advice to rebuild industry and step up agricultural production. Iran's oil exports are still an attractive incentive to some nations, particularly Japan, to improve commercial relations. (S)

Bani-Sadr considers himself one of the great economic thinkers of modern history, and he may well be inclined to try to impose his radical theories about Islamic economics on Iran. While some of these may have beneficial effects--notably his emphasis on agriculture--others could be severely disruptive--such as his notions about banking and interest rates. His well-known desire that Iran be free of foreign influence will discourage capital investment from the outside. (S)

Dissident Activity

There has been something of a lull in dissident unrest in Iran recently. Most Iranians appear to be giving the president a breathing space in which to organize and reveal his policies. It is unlikely that this lull will be prolonged. Much of the unrest in the last few months has been caused by ethnic minority unhappiness with the Khomeini regime and by

the minorities desire to exploit the regime's weaknesses to gain a greater measure of self-rule. (S)

Bani-Sadr appears to be more receptive to accomodating the minorities than Khomeini and the president may offer them a greater measure of autonomy than the Ayatollah has been willing to do in the past. The danger is that the more Bani-Sadr offers the minorities, the more they will demand. Moreover, much of the leadership of the various minority dissident groups--including the Kurds, Baluchis and Turkomans--is leftist in orientation and probably uninterested in a lasting accomodation with Tehran. Their goal--which is shared by the leftist guerrilla group known as the Peoples Fedayeen or Chariks--is the creation of a truly federal Iranian state in which the left is dominant. (S)

The largest minority group in Iran, the Azarbayjanis, is somewhat unique. The Azaris are better represented in the Iranian power structure than the other minorities and have historically demonstrated less tendency toward separatism. Their relationship with the central government in the near future will continue to be determined largely by Ayatollah Shariat-Madari--Khomeini's chief clerical rival--who has shown as unwillingness in the past to openly confront Khomeini. Bani-Sadr appears to want to fashion a compromise with Shariat-Madari. Nonetheless, incidents of unrest in Azarbayjan are likely to continue. (S)

The two other potential sources of dissidence today are the foreign exiles centered around former Prime Minister Bakhtiar and the pro-Soviet Tudeh Communists. Bakhtiar lacks a significant following in Iran and probably will not be an important figure in the near future. (S)

The Tudeh is still too weak to seize power. It hopes to insinuate itself into a position of influence by publicly backing Khomeini on all major issues while building up its organizational strength. The Tudeh is unpopular in Iran and suffers from its well-deserved image of subservience to Moscow. It could probably seize power only in the event of a collapse of the central government or by a military coup along the lines of the April 1978 Afghan revolution. We have some fragmentary information that the Tudeh is trying to recruit actively in the military but we cannot estimate how successfully it has been. To survive in power, a Tudeh regime would require massive Soviet support including military intervention. (S)

SECRET

Foreign Policy

Both Bani-Sadr and Khomeini are committed to pursuing a radically non-aligned foreign policy for Iran. They are unlikely to seek to develop close relations with either the US or the USSR. Tension with Moscow may well become more acute over Afghanistan. (S)

Iran's relations with most of its neighbors are already badly strained and there is little likelihood of any major improvements in the near term. Tehran sees the Afghan regime as a Soviet-puppet. Bani-Sadr has announced that he plans to give weapons and training to the insurgents and he has said Iranian volunteers may join the rebels. Tehran views both the Iraqi regime and the conservative monarchies along the southern littoral of the Persian Gulf as un-Islamic and illegitimate "police" states which do not represent their people. Relations with Pakistan and Turkey are better but not close. These countries' ties with the US tends to undermine their relationship with Iran. (S)

Many Iranian leaders have openly expressed an interest in exporting their revolution to other Islamic states. We expect Tehran will continue to be a gathering place for a wide range of Muslim dissident movements and that Tehran will provide propaganda support to them. Iran's ability to give more substantive backing to dissident movements will continue to be constrained by its own internal problems and the weaknesses of the Iranian military. (S)

Iran's relationship with the Palestine Liberation Organization is not likely to change dramatically. Tehran will provide diplomatic and propaganda backing to the PLO, and oppose US diplomatic efforts based on the Camp David Agreements. The Iranians are unwilling to give the PLO much influence with Iran, however, and will probably continue to give only limited military support to the Palestinians in Lebanon (along the lines of the volunteers dispatched to Lebanon in December). (S)

Outlook

If Bani-Sadr can exploit his popular mandate and the public's desire to curb clerical influence, he may gradually succeed in consolidating a grip on power. He will have to move adroitly to outmaneuver his enemies like Ayatollah Beheshti without losing the support of Ayatollah Khomeini. Key signs of progress by Bani-Sadr would include:

~~SECRET~~

- evidence of improvements in the military, especially the development of a stable command structure,
- new investment in the economy,
- declining provincial violence,
- decreased involvement by Ayatollah Khomeini in the day-to-day activities of government.

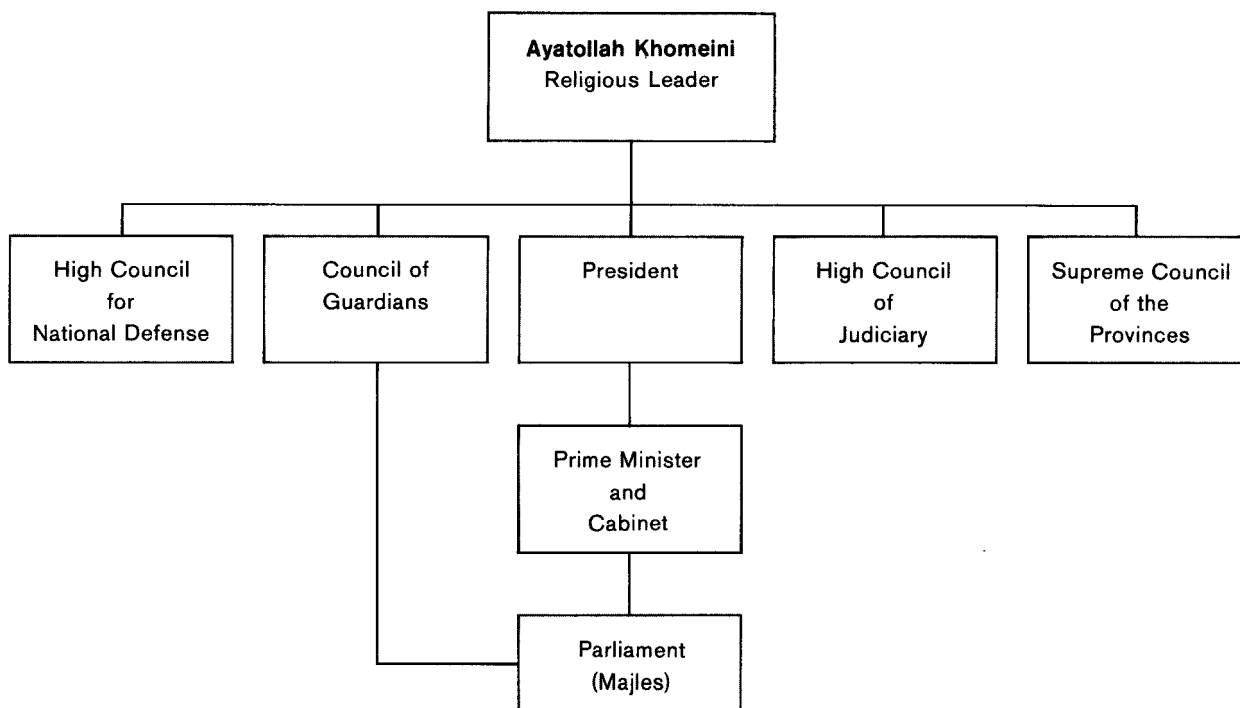
Under even the best of circumstances, such a move toward a stable and relatively moderate regime is likely to be slow and fragile process. (S)

It is more likely that Iran will continue to have a weak central government for some time. Bani-Sadr's popular support seems virtually certain to dwindle from the 76 percent backing he got in the election. There is a good chance that the Islamic government's base of support will continue to narrow. Iran will continue to have a weak military, a stagnant economy, and a growing disintergration of authority in the provinces. (S)

Nonetheless, there is no sign that the opposition is coalescing behind a single leader as yet. One of the keys to the country's future is certain to be developments in the opposition as its different factions maneuver for influence and search for a national leader. The leftist groups and the officer corps will be particularly important actors in this process. (S)

US intelligence efforts toward Iran will need to be especially sensitive to developments in the opposition, especially in the left and the military. 25X1

Iranian Government Structure Under New Constitution



Unclassified

581262 1-80